CONCORDIA UNIVERSITY

BOARD OF GOVERNORS

CONCORDIA EMPLOYEE BENEFITS COMMITTEE

Minutes of the meeting of May 11, 1984

Attendance: Chairman, Mr. G. Fisher, Prof. L. Bessner, Ms. A. Kerby, Dr. H. Ladd, Prof. G. Martin, Mr. B. Smart, Ms. M. Telmosse and Mr. Brian Rennie of Pension Finance Associates and Miss D. Johnson

Regrets: Mr. M. Bourgault, Dr. J. Daniel, Mr. R. Groome and Ms. S. O'Reilly

Comparative Measurement Review:

Mr. Brian Rennie of Pension Finance Associates reviewed the year end results of the Concordia pension fund as compared to the other pension funds in the Pension Finance Associates report.

In terms of the objectives set in the Concordia investment guidelines the present investment managers have met the objective of producing returns which exceed C.P.I. by 3%. The results obtained have not placed our fund in the top quartile over the past four (4) years, however, as indicated in the Total Fund Moving Four Year Returns chart there has been consistent improvement with the new investment managers. (Top of the median range of returns.)

Over the past four years the asset mix decisions have had a negative impact on total fund performance. The Canadian equity returns over four years have been in the top quartile and in terms of the moving four year analysis the results have been significantly better with the present managers. In Foreign equities our fund has consistently outperformed the sample.

In the bond portfolio the results placed the Concordia fund in the 4th quartile over ten (10) years and more recently in the 3rd and 2nd quartile. The overall returns on bonds have not been as good as those produced in equities.

The full comparative measurement report is included as appendix A in the official minutes.

Minutes of the Special Meeting - April 27, 1984:

Ms. Kerby proposed a motion for approval of the minutes of the meeting of April 27, 1984, the motion was seconded by Mr. Smart and unanimously carried.

...../2

Employee Benefits Statements:

Mr. Smart extended congratulations to the Benefits Department for getting the statements out on time. The feedback received from the participants indicates that the information was appreciated and understandable.

Implementation of Past Service Payments:

The committee asked when the past service payments could be implemented. Miss Johnson replied that the latest implementation date would be September but we are targetting for an earlier date barring further complications. It was suggested that an advance notice be sent to the retired members. The Chairman noted that no communication should be sent to the members until the Board had passed the resolution. The Chairman suggested that a sub-committee could be struck to deal with the communication to members.

Expenses and Long Term Disability Premium Increase:

It was recommended that we defer discussion of the 1983 expenses and the Long Term Disability premium increase until the actuary was present at the next meeting.

Investment Review - Jarislowsky Fraser:

Mr. Kertland of Jarislowsky Fraser reviewed their economic outlook. In the U.S. only two states are in deficit and the interest cost is the third item on their budget. In Canada debt service is the number one (1) item in the budget. The government portion of the G.N.P. is close to 50% and whereas productivity improvements in the U.S. have been substantial, Canada has gone the other way.

Jarislowsky Fraser wants to be fully invested in the U.S. and they are locking in 13% on bonds to ride through the valleys and lock in the longer term safe returns with no risk.

Money has to be injected into the Canadian economy and the energy sector has to get rolling.

Mr. Smart asked if the increasing exposure to bonds has paid off. Mr. Kertland responded that it has not paid off yet. Both the Dow Jones and the T.S.E. are down but the Jarislowsky Fraser results have held firm.

It was noted that the investment managers did not receive a copy of the comparative measurement report. Miss Johnson indicated that this would be rectified for the June report.

The text of the Economic and Investment Outlook submitted by Jarislowsky Fraser is included as Appendix B of the official minutes.

Investment Review - Beutel Goodman:

Mr. Dennis Marsh and Mr. Norm Bengoff presented the economic overview from the perspective of Beutel Goodman.

In the U.S. the real G.N.P. has been growing at 5% it is now slowing down to 3 or 3½%. Unemployment has not been decreasing.

In the equity markets capital spending is recovering sharply. The drop in interest rates has permitted the recovery. There has not been an increase in consumer spending only in capital spending. Corporate profit rates are slowly increasing and most corporations have trimmed costs.

The Stelco recovery has been largely due to labour concessions but there is no leverage to exact wage increases. Metals and industrials are rising.

In terms of interest rates, three months ago it was expected that the slowing rate would continue but in the past three months short term rates rose 250 basis points and long term rates increased by 150 basis points. The Canadian dollar will remain weak as long as interest rates stay up.

The Concordia portfolio hasn't changed much in character with 90% oriented to high grade vehicles. Better relative results are being produced by the U.S. pay components. A dramatic improvement is expected in early '85 but in the meantime the Bond market is being focussed on inflation which may mean a buying opportunity. Once the U.S. rates decline then will be the time to repatriate all U.S. Pay investments.

Prof. Bessner noted that the prime rate is now at 12% and asked if further increase was expected. Mr. Bengoff replied that the pressure is on the up side but this does not mean bad news in the bond market. The short term rates are likely to increase and the long rates should remain stable. The short term rates could rise dramatically in the U.S. in Canada they will remain more stable.

In the Beutel Goodman Equity portfolio there has been a high proportion of cash. The cash balance has been reduced to 4.5% and holdings in Bombardier, Alcan & Stelco have been increased. Corporations have trimmed their budgets as much as they can and a good recovery is expected in corporate profits. Beutel Goodman is concentrating on the smoke stack industries. Also, Moore Corp. which specializes in business forms.

Mr. Smart asked if there was any concern over technological obsolescence in this area. Mr. Marsh replied that this is the only company which has a large base of operation worldwide and the shares sell well below the average market stock. It is expected that this will become a mature product.

The meeting adjourned.

Respectfully Submitted,

Dawn Johnson, Secretary
Concordia Employee Benefits Committee